

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**Tax-Exempt Bond Project**

**April 28, 2021**

Fair Oaks Senior Apartments, located at 12057 Fair Oaks Boulevard in Fair Oaks, requested and is being recommended for a reservation of \$1,306,601 in annual federal tax credits and \$4,899,751 in total state tax credits to finance the new construction of 107 units of housing serving tenants with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Ionic Enterprises, Inc. and will be located in Senate District 4 and Assembly District 8.

**Project Number** CA-21-507

**Project Name** Fair Oaks Senior Apartments  
**Site Address:** 12057 Fair Oaks Boulevard  
Fair Oaks, CA 95628 County: Sacramento  
**Census Tract:** 81.39

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,306,601	\$4,899,751
Recommended:	\$1,306,601	\$4,899,751

**Applicant Information**

**Applicant:** Ionic Enterprises, Inc.  
**Contact:** Paul Z. Stamas  
**Address:** 3007 Douglas Blvd., Ste. 170  
Roseville, CA 95661  
**Phone:** (916) 783-0330  
**Email:** pzstamas@surewest.net

**General Partner(s) or Principal Owner(s):** Ionic Enterprises, Inc.  
Greek Orthodox Housing Corporation  
**General Partner Type:** Joint Venture  
**Parent Company(ies):** Ionic Enterprises, Inc.  
Greek Orthodox Housing Corporation  
**Developer:** Ionic Enterprises, Inc.  
**Investor/Consultant:** WNC & Associates  
**Management Agent:** FPI Management Inc.

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 9  
 Total # of Units: 108  
 No. / % of Low Income Units: 107 100.00%  
 Federal Set-Aside Elected: 40%/60% Average Income  
 Federal Subsidy: Tax-Exempt  
 Utility Allowance: CUAC

**Bond Information**

Issuer: California Housing Finance Agency  
 Expected Date of Issuance: October 28, 2021

**Information**

Housing Type: Non-Targeted  
 Geographic Area: Capital Region  
 TCAC Project Analyst: Nick White

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI: 11	10%
50% AMI: 11	10%
60% AMI: 74	69%
80% AMI: 11	10%

**Unit Mix**

40 1-Bedroom Units
68 2-Bedroom Units
<b>108 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2020 Rents Targeted % of Area Median Income</b>	<b>2020 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
4 1 Bedroom	30%	30%	\$486
4 1 Bedroom	50%	50%	\$810
29 1 Bedroom	60%	60%	\$972
3 1 Bedroom	80%	80%	\$1,296
7 2 Bedrooms	30%	30%	\$582
7 2 Bedrooms	50%	50%	\$971
45 2 Bedrooms	60%	60%	\$1,165
8 2 Bedrooms	80%	80%	\$1,554
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$2,000,000
Construction Costs	\$18,058,046
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$845,233
Soft Cost Contingency	\$194,566
Relocation	\$0
Architectural/Engineering	\$345,000
Const. Interest, Perm. Financing	\$1,638,609
Legal Fees	\$175,000
Reserves	\$544,907
Other Costs	\$1,180,954
Developer Fee	\$3,277,427
Commercial Costs	\$0
<b>Total</b>	<b>\$28,259,742</b>

**Residential**

Construction Cost Per Square Foot:	\$221
Per Unit Cost:	\$261,664
True Cash Per Unit Cost*:	\$252,939

**Construction Financing**

Source	Amount
KeyBank Tax Exempt Bonds	\$14,919,817
KeyBank Re-Cycled Bonds	\$2,500,000
KeyBank Taxable Tail	\$4,005,876
Deferred Developer Fee	\$3,277,427
Deferred Reserves	\$544,907
Tax Credit Equity	\$3,011,715

**Permanent Financing**

Source	Amount
KeyBank Real Estate Capital	\$12,258,855
Deferred Developer Fee	\$942,312
Tax Credit Equity	\$15,058,575
<b>TOTAL</b>	<b>\$28,259,742</b>

\*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$25,126,940
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$32,665,022
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,306,601
Total State Credit:	\$4,899,751
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,277,427
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	\$0.89000
State Tax Credit Factor:	\$0.70000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Eligible Basis and Basis Limit**

Requested Unadjusted Eligible Basis:	\$25,126,940
Actual Eligible Basis:	\$25,126,940
Unadjusted Threshold Basis Limit:	\$39,169,160
Total Adjusted Threshold Basis Limit:	\$51,925,342

**Adjustments to Basis Limit**

Local Development Impact Fees

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units  
Income Targeted between 50% AMI & 36% AMI: 10%

55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units  
Income Targeted at 35% AMI or Below: 20%

**Cost Analysis and Line Item Review**

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses meet or exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 4.00% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

**Significant Information / Additional Conditions**

The applicant has requested the use of a CUAC utility allowance. TCAC staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

**Standard Conditions**

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

**CDLAC Additional Conditions**

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.